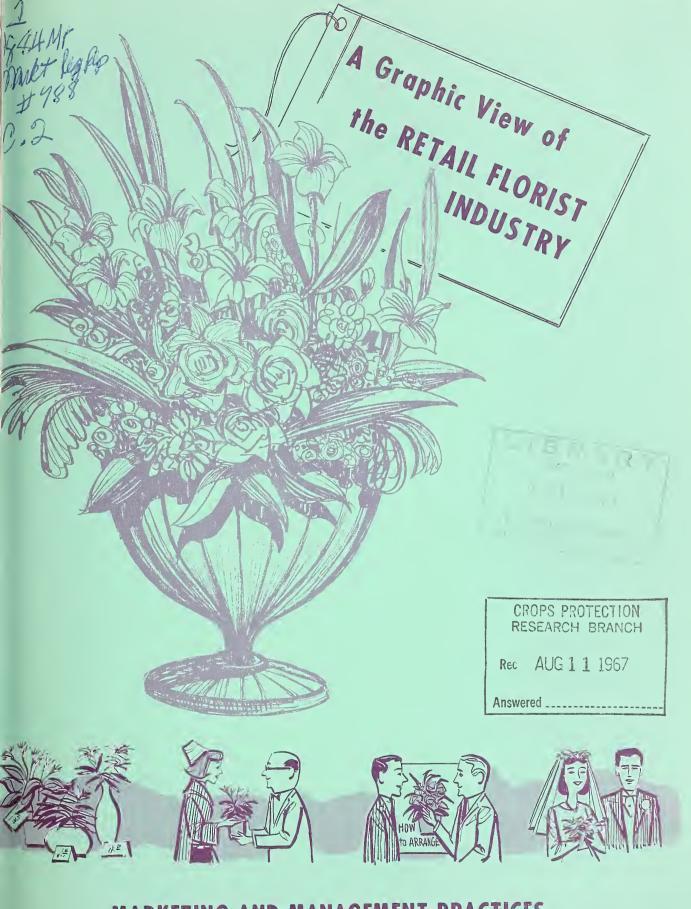




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## MARKETING AND MANAGEMENT PRACTICES

J.S. DEPARTMENT OF AGRICULTURE • ECONOMIC RESEARCH SERVICE • MARKETING RESEARCH REPORT NO. 788

## **PREFACE**

This report is based primarily on information obtained from over 2,500 retail florists during a national mail survey conducted during May 1964 to May 1965. Parts of the survey data collected in 1964 were published in December 1965 in Profile of the Retail Florist Industry, Marketing Research Report 741. Findings reported in that publication are here updated, using 1965 data. In addition, this report contains some of the findings reported in two other publications: (1) The Demand for Flowers-by-Wire, June 1966, Marketing Research Report 762; and (2) Marketing Flowers--Credit and Financing Problems of Retail and Wholesale Florists in Four Iowa Cities, April 1965, Marketing Research Report 704. The present report will provide retail florists with a single source for the most complete and up-to-date research information available in the industry.

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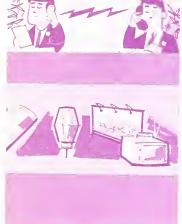
April 1967



# U.S. RETAI









## Retail florists operate 22,000 shops that--

serve as major outlets for a \$360 million agriculture crop;

account for over \$1 billion in sales annually; provide nearly 100,000 jobs;

are concentrated in downtown or other incity business districts;

open at 9 a,m, and close at 6 p.m.; and are owner-initiated businesses in 50 percent of the cases.

#### Most florists are owner-managers--

who are small businessmen with annual sales under \$50,000;

who work an average of 52 hours per week while their full-time employees average 44 hours per week.

#### Florists --

purchase most of their perishable supplies; do not practice cooperative or group buying; do most of their buying by telephone; use standing orders on a limited basis; rely on wholesale suppliers for information on supply levels and condition of perishables; and

would like additional supply information reported regularly and some standardization of quality.

## About one out of--

four florists receives a discount from suppliers for prompt payment of bills; eight is penalized by suppliers for late payment of bills; and l1 receives supplies by c.o.d. delivery.

#### Most retail florists--

offer almost unlimited free credit; use their own vehicles for most deliveries; provide free parking, even though the majority of sales are delivered; and provide worldwide coverage in transmitting orders.

### Very few florists offer self-service: some--

favor self-service (one out of five) for some locations, for holidays or other busy periods, or to increase in-store traffic. consider self-service ineffective because customers need personal service; and

#### Florists --

depend on funerals for nearly halftheir sales; rely on the telephone for the majority of their business;















# FLORISTS



## 64-1965 Survey











find that arrangements account for over half their sales;

find that artificial flowers account for 7 percent of total gross sales.

#### Some florists --

consider mass market outlets as detrimental to sales in their shops;

operate floral concessions in mass markets and more would be interested if offered attractive or profitable arrangements;

#### Florists--

favor in-store customer traffic to stimulate sales; and

have difficulty promoting in-store traffic in locations with light pedestrian traffic.

#### Florists--

use window displays to stimulate sales; change displays often to attract attention; display prepared arrangements in their shops on a limited basis; and

consider supplies of in-store promotional materials sufficient, although some would like to have these materials improved.

#### Florists--

spend less than 2 percent of gross sales on advertising;

primarily use newspapers and yellow pages to advertise; and

orient most of their advertising toward special occasions, stressing shop image rather than product use.

Florists who feature specific floral products--

generally charge regular prices for them; and have found prepared arrangements and cut flowers to be most successful.

Few florists have financing problems --

Only a third find it necessary to borrow (to finance supplies, pay current bills, buy equipment, and to expand or remodel);

only 4 out of 100 who apply for loans are refused, and

those with problems can improve their ability to borrow by:

improving management practices,

keeping bad debts and losses down,

paying promptly to get discounts,

building reserves, and

establishing good relations with lending in-











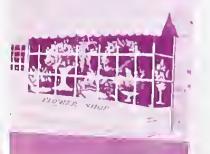
# U.S. RETAII FLORISTS











# Highlights of 64-1965 Survey

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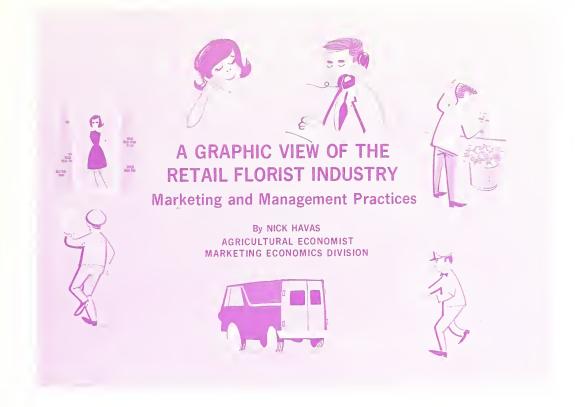












## INTRODUCTION

Retail florists occupy a unique position in the business world. The products and services they sell fulfill a social rather than physical need. Floral products can be used to convey not only sympathy, respect, and gratitude, but many other human feelings that are difficult for people to express any other way.

Unlike food consumption, for which the potential market is limited by the capacity of the human stomach, consumption of a social product such as flowers is potentially unlimited. The majority of floral product sales are dictated by social custom. Although these customs are deeply ingrained, the floral industry's full potential remains to be achieved. However, the market is gradually expanding, and floral product sales can be further maximized through increased promotional and merchandising efforts and improved management practices.

Current economic conditions tend to favor expansion of the market for floral products. The future of the retail florist industry, and to some degree the future of the growers of floral products, may depend on whether or not this challenge is met. Failure on the part of

florists to take full advantage of their opportunities may have a lasting effect on the pattern of growth of the floral industry.

In the United States, retail florists represent a billion dollar industry. Through their sales and extensive services, florists have made important contributions to the American economy and to U.S. agriculture. In 1964, this industry provided full-time employment for nearly 100,000 persons, and represented the major outlet for over 20,000 growers of floral products.

This publication has been designed to supply the retail florist with information necessary for evaluation of his operations. To facilitate individual comparisons with the total industry, florists have been classified into four groups, determined by annual dollar volume of sales:

Small	Under \$50,000
Medium	\$50,000 - \$99,999
Large	\$100,000 - \$249,999
Very large	\$250,000 and above



Farm Value of Other Selected Crops During 1964

Crop	•	Value <u>1</u> /	• •	Crop	•	Value <u>1</u> /
	:		::		:	
Potatoes	:	604	::	Green Beans	•	89
Sweetpotatoes	•	64		Dry Beans	:	136
Onions	•	74	::	Soybeans		1,830
Grapefruit	:	87	::	Cotton	•	2,521
Lemons	:	56		Tobacco	•	1,413
Oranges	:	426		Wheat	:	1,610
Strawberries	:	130	::	Corn	:	1,993
	:		::		:	

 $\underline{1}/$  Rounded to nearest million.

The above figure illustrates the importance of floral crops as an agricultural commodity, relative to other well-known and important agricultural crops. Using the 1964 crop year as the base, floral crops in dollar value far exceed a number of other agricultural crops that are produced in the United States (including Alaska and Hawaii). The latest available figures show that the dollar value at wholesale prices of the floral crops produced annually is nearly \$360 million. This is about 30 percent above the 1959 floral crop value.

This increase in value was due primarily to an increase in the quantities produced, since

the prices to growers and the acreage devoted to production changed very little during that period. This substantial production growth, achieved on fewer acres, was made possible by the use of improved cultural practices. Some of the major factors commonly associated with improved efficiency in production are (1) regional specialization in production, taking advantage of suitable climate, soil conditions, and availability of labor; (2) mechanization; (3) improved fungicides and herbicides; and (4) improved plant varieties.

## CHRONOLOGY OF USDA FLOWER-PRODUCTION SURVEYS CAL. FLA. IOWA COL. ILL. CAL. FLA. IOWA. COL . ILL. MICH . O . TEX CAL., FLA.. IOWA CAL, COL, FLA, ILL IND NJ NY N C TEX. MICH. MD DEL. CAL., FLA. IND. .. FLA . IND . N J . N.Y . COL. ILL.. MASS N C.. O MINN CONN. WISC., IOWA. MO. TENN. WASH.

Crop	Gross wholesale value during the 1966 crop year											: Crop : Percentage : totals : change		
010p	: Massa :chuset	- :New	New Jersey	:Pennsyl- : vania	Ohio	Indian	<u>.</u>	•Caroll	1a.• •	Cult.	Calif.	1966	1965	1965 to 1966
	:							dollars						
Roses	: 2,225	3,911	1,276	5,213	1,451	3,586	3,369	225				31,500		
Carnations	: 3,100	1,328	805	3,074	1,631	467	778	762	2/8	3,794	13,302	34,041	29,977	+14.0
Gladioli	: 58	255	1,084	125	152	111	477	1,714	11,714	31	2,613	18,102	15,314	+18.0
Chrysanthemum:	::													
Standard	: 849	1,611	662	1,625	2,694	867	1,059	974	1,441	117	7,509	19,408	17,470	+11.0
Pompon	.: 625	1,410	495	1,765	1,175	467	717	878	8,094	177	3,589	19,392	17,387	+12.0
l/ Equiva	alent who	olesale					available.							

Source: Flowers and Foliage plants production and sales, 1965 and 1966; SPCR 6-1 (67) April 1967, SRS, USDA.

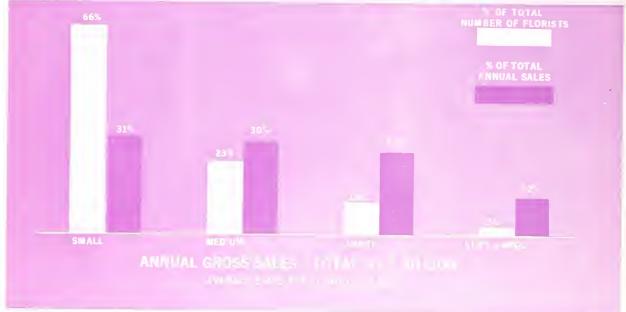
Because of the importance of floriculture to U.S. agriculture, a crop survey for selected floral crops was conducted in 1957, for the 1956 crop year, at the request of leaders in the floral industry. The following crops were selected for the survey: (1) rose, (2) carnation, (3) gladiolus, and (4) chrysanthemum, both standard and pompons. Since that time, surveys have been conducted for each crop year except 1960. The number of States covered has varied from year to year in accordance with levels of financial support. However, the crops that were surveyed remained the same.

For the 1966 crop year, the survey was expanded substantially, geographically as well as in terms of the number of crops surveyed. Foliage plants and potted mums were added to the list of crops already in the survey and the number of States surveyed was increased to 23. Results of these surveys are published each year around April. Single copies of the publication, "Flower Production and Sales Sp. Cr. 6-1" can be ordered by writing directly to SRS, USDA, Washington 25, D.C.

## U. S. RETAIL **FLORIST SHOPS**

THERE ARE ABOUT 22,000 OF THEM





- 1 . 12-	Flobisio	of O. al	: Linuar dales <sup>1</sup>	erventage of oral	Average sales
	Hamser	Persont	Collars	Fercent	Dollars
11	1-,-10	U.S. 2	24', 191,0 C	31.2	z3.+**
	=,31c	3	13 ,047,000	30.3	17,314
Earg	_, Lr	2.0	. 94,020,201	-6	130,3 3
Warg Large	352	t	135,320,401	12.1	324,+33
. 12	2 2 1000	1	1,114,178,600	100.0	50,547

Of more than 2,500 retail florists surveyed in 1964-65, none reported annual sales of as much as \$1 million. However, the Census of Business did report that in 1963 there were three such shops in the

United States, and that their combined sales totaled \$4,800,000.1

<sup>1</sup> to midd to the hearest \$100.
2 Based on all mail respondents figures rounded to hearest collar).
2 This figure is cased on the total number of shops compiled from all major printed sources available in 1964 and 10 Makes into consideration those shops that operate under multi-panerships and those that might have gone out of these or betan fusiness in 1964.

<sup>&</sup>lt;sup>1</sup> U.S. Bureau of the Census. Census of Business 1963 Retail Trade: Sales Size. U.S. Bur. Census 63-RS2, 1965.

## LOCATION OF SHOP



DOWNTOWN BUSINESS DISTRICT	24%
OTHER BUSINESS DISTRICT IN CITY	26°0
SHOPPING CENTER	6%
RESIDENTIAL	27%
SUBURBAN	

	Location of shop									
Shop size	Downtown	Other intown business	Shopping center	Residential	Suburban					
	Percent	Percent	Percent	Percent	Percent					
mall	24	26	5	27	18					
Medium	27	25	8	23	17					
arge	23	35	9	19	14					
Very large	20	26	7	27	20					

Source: 1964-65 survey.

For the past two decades, population growth in the United States has been increasingly concentrated in metropolitan areas. As of 1965, nearly two-thirds of our population lived in 212 Standard Metropolitan Statistical areas. During the 5-year period, 1960-65, the suburbs accounted for 85 percent of the total population growth. Consequently, in 1965, 52 percent of the people living in metropolitan areas lived in the suburbs, compared with 49 percent in 1960. Suburban families in 1965 averaged about \$1,100 more income per year than families in the central cities. Also, in the suburbs only 10 percent of the families earned \$3,000 or

less, compared with 15 percent in central cities. Therefore, suburbanites may offer florists more sales potential than families in the central city.

And yet, as of 1964 about half of the florists were located in cities, with only 17 percent in the suburbs. Since the population growth and family income seem to favor the suburbs, florists might wish to review their current location and weigh the possible advantages of relocating closer to centers of population growth and greater purchasing power.

# HOW FLORISTS ACQUIRE THEIR SHOPS



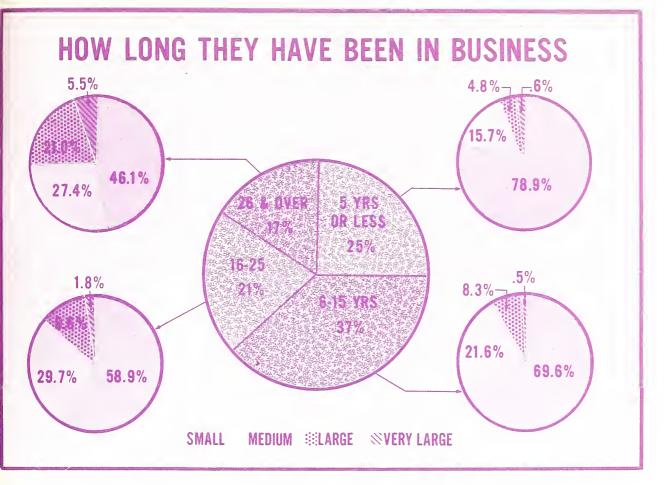
PHIRCHASE THOM BELLETIVE 197;
FUNCTIAND FROM BINES 1944 RELATIVE 32%
INITIATED 199;

		Purchased	Taribian		
Shop size	Inherited	Relative	Other	Initiated	
	Percent	Percent	Percent	Percent	
Small Medium Large Very large	7 9 14 13	8 11 17 12	34 35 26 22	51 45 43 53	

Source: 1964-65 Survey.

About half of the florists surveyed entered the business by starting their own shops. This ratio seems to hold for all sizes of shops. The

proportion that inherited all or a part of the business was not large, particularly among operators of small shops.



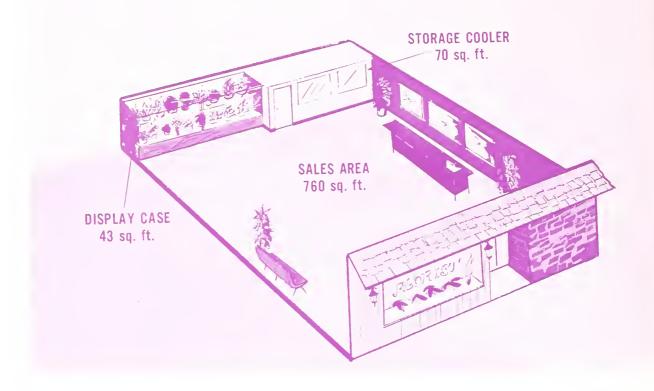
Cla a sa		Years	in opera	tion	
Shop size	l and under	2-5	6-15	16-25	26 and over
	Percent	Percent	Percent	Percent	Percent
Small	5	26	38	19	12
Medium	3	15	35	27	20
Large	1	11	31	21	36
Very large	3	6	12	23	56

Source: 1964-65 survey.

Nearly two-thirds of the florists in business in 1964 began operating in 1950 or later. The average age for all shops in operation in 1964 was about 15 years. Small shops showed the least longevity, averaging about 12 years of operation. Only about 30 percent of the small shops in operation in 1964 had been in business more than 15 years. In 1964, the average

number of years of operation for mediumsized and large firms was 17 and 22 years, respectively. In each group about half had been operating for 16 or more years. Very large firms showed the most stability, averaging close to 32 years of operation. Nearly 80 percent of the very large firms had been in operation 16 or more years.

## AN AVERAGE-SIZE SHOP



		W. 3	Selling	Displ	ay case	Coole	er case	Shops having dis- play case with	
Juop size	Frontage	Window	area	Area	Frontage	Area	Frontage	storage cooler	
	Lin. ft.	Lin. ft.	Sq. ft.	Sq. ft.	Lin. ft.	Sq. ft.	Lin. ft.	Percent	
-mail	30.00	18.00	610	36	8	55	8	86	
Meaium	37.00	25.00	858	51	10	80	10	93	
Large	46.00	31.00	1.33"	66	12	133	12	98	
Very large	74.00	50.00	1,844	170	18	219	18	100	
A11	34.03	22.00	760	43	9	70	9	89	

Source: 1964-c5 survey.

In the average shop, about two-thirds of the frontage is devoted to the display window. The ratio is about the same for all shops, regardless of size. Practically all florist shops have a refrigerated display case and, in addition, nearly 90 percent also have a storage cooler.

Of the large and very large shops, nearly all have both types of facilities. The storage coolers are about 50 to 65 percent larger in area than the display cases, but the frontage of each type of facility is about the same, ranging from 8 feet in small to 18 feet in very large shops.



· · · · · · · · · · · · · · · · · · ·							a case old	The sales of	
MONDAY	4	54	97	100	100	100	74	13	4
TUESDAY	4	54	97	100	100	100	74	12	3
WEDNESDAY	4	54	97	100	96	92	69	11	3
THURSDAY	4	54	97	100	99	99	73	14	5
FRIDAY	4	54	97	100	100	100	75	19	9
SATURDAY	4	54	97	100	99	97	69	12	3
SUNDAY	2	13	27	30	17	8	5	1	0
			<u> </u>	San affine and a san					(Institute of the Control of the Con
	7-00	:: - 0 1 0 T	2000	12200	1,000	5.00	5,711	T-TA	9 00
		A.M							
SUNDAY			27				5 =, 111	7-07	O

					Pe	rcenta	ge ope	en at s	pecifi	ed hou	irs on					
Shoı size	Weekdays							Sundays								
	a.m.				p.m.			a. n.			p.M.					
	7	8	9	12	1	5	6	7	7	8	9	12	1	5	6	7
		- Per	cent -			- Per	cent -			Per	ent -			Per	ent -	
Small	4	49	96	100	99	99	68	13	2	12	25	28	16	8	1	1
Medium	3	62	100	100	100	100	79	12	2	12	24	26	12	6	4	
Large	3	69	99	100	1.00	100	88	12	0	18	43	45	26	13	4	1
Very large	6	67	100	100	100	100	89	25	0	33	50	50	28	28	22	11

Source: 1964-65 survey.

More than half of the florists are open for business by 8 a.m. each weekday; and nearly all are open by 9 a.m. About a fourth of all florists close their shops by 6 p.m., and relatively few remain open after 7 p.m. Small florists tend to open later than others and also to close sooner. A small proportion of the shops, primarily small ones, are closed Wednesday and Saturday afternoons. Some of

the small shops are also closed Thursday afternoons. Very large firms do not follow the practice of closing in the afternoons during weekdays.

Nearly a third of the florist shops are open Sundays on a regular basis. A much greater proportion of large and very large firms follow this practice, and they generally stay open for longer hours.

# MANAGEMENT AND MODERNIZATION OF FLORISTS SHOPS



MANAGEMENT	% OF SHOPS		% OF SHOPS
• OWNER MANAGED	74	WITH AIR     CONDITIONING	46
• MANAGED BY PAID MANAGER	_ 9	• REMODELED 1959-'64	41
• HAVING NO FULL- TIME MANAGER	13	• REMODELED 1954-'59	18
* STATUS UNKNOWN	4		

	ercenta	e of shops mana	igea ty	ercentage	ercentage of shops that were				
Smp size	(wner	Paid manager	Fart-time manager	Air- conditioned	Remodeled 1959-64	Remodeled 1954-59			
	Persent	Percent	Percent	<u>Percen</u> +	Percent	Percent			
F 11	76	5	15	41	38	15			
Ma sium		11	10	52	49	20			
[arge	73	19		€1	44	30			
Very large		41		62	50	44			

Curvet 1964-65 survet.

Nearly three-fourths of all florist shops are owner managed, an indication that the majority of these businesses are independently owned. Paid managers are relatively few and are found primarily in larger shops or in shops belonging to multiunit firms. Only about 4 percent of the shops belong to operators with two or more shops. A fairly high proportion of the small and medium-sized florist shops are operated as part-time businesses and do not have full-time managers.

Air-conditioned shops are not as prevalent as one might expect. Less than one-half of the shops are air conditioned.

While shop remodeling is on the increase, over 40 percent of the existing shops have not been

remodeled during the past decade. Most remodeling has consisted of enlarging existing shops by increasing the sales or preparation areas, or both. A few florists have also relocated to gain the needed space.

Improved appearance of the shop was another reason reported for remodeling. This generally consisted of redecorating inside or out, with minor alteration in physical facilities. Considerably less attention has been given to replacing or acquiring refrigerated display cases and coolers, more modern lighting, or air conditioning.



	Shops with family workers only							Shops with some paid employees						
Shop size	Workers per shop		Workweek per worker		Annual sales per		Workers per shop		Workweek per worker		Annual sales per		er	
	Full- time	Part- time	Full- time	Part- time	Worker	Shop	Man- hour	Full- time	Part- time	Full- time	Part- time	Worker	Shop	Man- hour
	No.	No.	Hrs.	Hrs.	Dol.	Dol.	Dol.	<u>No</u> .	<u>No</u> .	<u>Hrs</u> .	Hrs.	Dol.	Dol.	Dol.
Small	1.7	1.3	52.9	18.0	10,771	19,280	3.92	2.4	1.4	49.4	19.0	10,029	27,378	3.91
Medium	2.6	2.0	48.5	20.0	21,971	58,222	8.71	4.2	1.6	48.2	19.4	14,421	67,633	5.75
Large	4.0	1.0	48.8	13.0	29,850	121,491	11.76	7.7	2.4	46.5	20.0	16,820	142,300	7.05
Very large								19.8	3.4	45.4	21.0	15,687	333,345	6.64

Source: 1964-65 survey.

Florist shops operating on a full-time basis (with and without outside help) averaged over \$52,000 in sales per shop in 1964, and employed an average of 3.5 full-time and 1.2 part-time employees. Owners working full time averaged over 50 hours a week, while the full-time employees averaged about 44 hours a week; part-time employees averaged 20 hours a week.

About 22 percent of the full-time shops, mostly the small ones, operated with only family help. Shops operating with only family help averaged fewer employees, and employees worked longer hours per week. In the mediumsized and large shops operating with only

family help, sales per man-hour were much higher than for comparable sized shops that hired outside employees.

Sales per man-hour for all florist shops operating on a full-time basis increased with the size of shop up to the very large shops, at which size, sales per man-hour tended to decline. This may be an indication that the management in these very large operations, averaging 20 or more employees, is unable to exercise maximum control over the work schedules of employees which, in turn, affects their productivity.

FORMAL EMPLOYEE TRAINING	
Shops that provide training in:	
SELLING BY PHONE	17%
SELLING IN SHOP	21%
ARRANGING FLOWERS	24%

		ge of shops praining in	providing
Shop size	Selling by phone	Selling in shop	Flower arrangement
	Percent	Percent	Percent
Small	13	17	19
Medium	21	23	29
Large	33	33	36
Very large	50	56	56

Source: 1964-65 survey.

Formal training of employees is not widely practiced among florists. This indifference to training can result in inefficiency and declining sales because of a lack of fresh ideas in design and management. When training is provided, flower arranging tends to receive the greatest emphasis. The larger shops stress training more than the small ones, primarily because they hire more outside help and have greater employee turnover. On the other hand, small shops often operate as a family unit, with the owners doing most of the selling and arranging. Because of this, small florists tend to overlook the need for training or think they do not have time for it.

In place of formal training, or as a supplement to it, some florists provide training of employees in their own shops on an informal or apprenticeship basis.

Flowers-by-wire organizations offer the major source of training by conducting classes locally or at conventions and other meeting places. Other sources of training are the classes offered by interior decorating firms, universities, extension service and correspondence schools, and commercial design schools.

# ITEMS SOLD BY FLORISTS SHARE OF TOTAL SALES



FRESH FLOWER ARRANGEMENTS 55
FLOWERING AND FOLIAGE PLANTS 18
FRESH FLOWERS, SOLD LOOSE 12
ARTIFICIAL FLOWERS AND PLANTS 7
GIFTWARE ITEMS 4
SHRUBS AND TREES 1
GARDEN SUPPLIES 1
LANDSCAPING SERVICE NEGLIGIBLE
OTHER 2

	Percentage of total sales realized from specified item											
Shop size	Fresh flowers arranged	Potted plants	Fresh flowers unarranged	Artifical flowers	Gift- ware	Shrubs & trees	Garden supplies	Landscape service	Other			
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent			
Small	56	17	12	7	3	1	(1)	(1)	2			
Medium	57	18	10	8	4	(1)	1	(1)	1			
Large	55	19	10	7	6	1	( <sup>1</sup> )	(1)	1			
Very large	46	19	13	5	5	4	4	3	2			

<sup>1</sup> Less than 1 percent. Source: 1964-65 survey.

Sales of fresh flowers represented two-thirds of total sales by florists in 1964, with arrangements accounting for the bulk of these sales. Artificial (permanent) flowers and plants were also important, outranking the combined sales of giftware items, nursery products, garden supplies, and landscaping services. With increases in variety and improvements in quality, sales of artificial flowers could experience a

considerable rate of growth in the next decade. The implication of this in terms of fresh flowers is not clear. But it does warrant close observation.

The percentage distribution of sales was about the same for all except the very large shops. Among very large shops there was more emphasis on garden supplies, shrubs, trees, and landscaping services.

# DISTRIBUTION OF SALES BY CUSTOMER'S USE OF PURCHASES



## PERCENT OF SALES

	Formentage of total value by openified use										
∞ .p _ lze	Ful. rals	Dospitals	Weddings	Conventions	Church	Home	Uther				
	ercent	gereent	Fercent	Percent	Percent	Percent	Percent				
= 111	47	18	9	4	5	10	7				
w aium	44	21	8	4	5	11	9				
Large	42	~(	8	4	4	14	8				
V ry large	35	دے		U	3	14	10				

Lurse: 1964-65 survey.

Funerals, memorials, and hospitals account for nearly two-thirds of the total dollar volume of sales by florists. These are sometimes referred to as ''necessity sales,'' or sales resulting from social custom. This segment of sales has limited potential for expansion. Flowers for funerals accounted for the greatest portion of the ''necessity sales,'' and research has shown that excessive use of floral tributes at funerals has given rise to campaigns for

expressing sympathy through memorial funds rather than flowers. Therefore, a more obvious opportunity for expanding the market for floral products lies in areas of currently limited flower use such as display in homes, churches, and commercial offices, at weddings, etc. Very large shops may have already recognized this, as only about one-third of their 1964 sales were for funerals.

## WIRE SERVICE MEMBERSHIP

84% OF THE FLORISTS BELONG
TO A WIRE SERVICE



ONE-FOURTH OF THOSE WHO HAVE WIRE SERVICE MEMBER-SHIP BELONG TO 2 OR MORE SERVICES

OF THOSE WHO HAVE MULTIPLE MEMBERSHIPS TODAY,

4% OBTAINED THEM BEFORE 1955

7% OBTAINED THEM IN 1955 - 1959

89% OBTAINED THEM IN 1960 AND AFTER

AMOUNT OF BUSINESS

INCOMING OUTGOING

H OF CHOSE SALES

- 5%

10.5%

Shop size	Percentage of florists	2 or more w	of florists be ire services w iple membershi	nho obtained	Wire sales as a percentage of gross sales		
onop Size	belonging to wire service	Before 1955	1955-59	⊥⊸oO & after	Incoming	Outgoing	
	<u>Percent</u>	Percent	Persent	Percent	Percent	Percent	
Small	77	2	9	89	11.0	9.7	
Medium	95	6	6	88	9.5	11.2	
Large	98			100	8.7	10.8	
Very large	94			100	7.3	9.8	

Source: 1964-65 survey.

A great majority of florists are members of flowers-by-wire organizations. More than half of the wire service members joined primarily for the added sales volume generated by wire orders. Another important reason for joining was to provide more service to their customers. Wire orders accounted for 9 to 10 percent of

total industry sales in 1964. Except for operators of small shops, the majority of the members said they sent out more orders than they received. Generally, flowers-by-wire sales accounted for a larger share of total sales in smaller shops than in very large shops.

## WIRE SERVICE SALES



## 53% OF WIRE SERVICE MEMBERS CHARGE TO PLACE ORDERS

CHARGES RANGE FROM \$.25 TO \$1.00
AVERAGE CHARGE PER ORDER - \$.50

## 40% OF THOSE WHO CHARGE REPORTED CUSTOMER COMPLAINTS ABOUT CHARGES

**AVERAGE VALUE OF ORDERS** 

**WIRE ORDERS:** 

**INCOMING-\$7.46** 

**OUTGOING-\$7.78** 

NON-WIRE ORDERS: \$6.50

⊩op s <b>iz</b> e	Average charge for placing wire	that cu	e of florists ustomers comp wire order ch	plained	Average wire	Average value of nonwire		
<u></u>	order	Often	Seldom	Never	Incoming	Outgoing	order	
	Cents	Percent	Percent	Persent	Dollar	Dollar	Dollar	
Omall	51	1	36	63	7.23	7.19	6.32	
Medium	49	1	37	62	7.46	7.75	6.69	
Large	50	1	47	52	7.57	8.10	7.18	
Very large	52	1	38	61	8.02	8.45	7.81	

Source: 1964-65 survey.

Most retailer members charge a fee of about 50 cents for placing flowers-by-wire orders. A fairly high proportion of florists, especially among large shops, reported occasional customer complaints regarding this charge.

Orders filled by the reporting firms averaged somewhat lower than orders transmitted. Possibly this reflects the fact that orders received from Canada and other foreign countries were included, and these usually are smaller than orders originating in the United States.

# ESTIMATING ANNUAL ORDERS FOR FLOWERS BY WIRE



			rders, actual					
Year:	Actual :	Est. FID	: Error bet.	Year	Actual :	: Est. FTD :	Error bet.	
:	orders :	orders 1/	:actual & est	.:	orders :	orders I/ :	actual & est	<i>;</i> •
:	Number			:	Number	Number	Percent	
1935:	1,348,518	1,315,888	2.5	:1953	5,344,533	5,381,751	-0.7	
1936:	1,636,431	1,647,646	-0.7	:1954	5,489,489	5,574,052	-1.5	
1937:	1,868,888	2,000,933	-6.6	:1955	5,897,979	5,857,748	0.7	
1938:	1,900,265	1,872,648	1.5	:1956	6,271,553	6,345,246	-1.2	
1939:	2,026,004	1,945,360	4.1	:1957	6,906,444	6,704,360	3.0	
1940:	2,213,308	2,204,812	0.4	:1958	6,948,346	6,885,970	0.9	
1941:	2,494,867	2,554,816	-2.3	:1959	7,654,680	7,449,256	2.8	
1947:	4,199,982	4,041,095	3.9	:1960	7,878,779	7,620,152	3.4	
1948:	4,259,239	4,286,504	-0.6	:1961	7,848,963	7,835,804	0.2	
1949:	4,546,160	4,602,433	-1.2	:1962	8,012,220	8,206,155	-2.4	
1950:	4,489,787	4,467,822	0.5	:1963	8,245,081	8,539,317	-3.4	
1951:	4,846,703	4,859,494	-0.3	:1964	8,779,934	8,848,503	-0.8	
7.050	E 018 018	F 7 (F 000	0 0	3065	0 515 500	0 (5( ),00	0 0	

1952: 5,017,315 5,167,022 -2.9 :1965 9,745,730 9,656,403 0.9

1/ Estimates are based on disposable personal income, employment, confectionery sales, and household appliance sales.

Flowers-by-wire orders have shown a fairly steady increase between 1935 and 1965, exclusive of the 5 war years 1941-46. Personal disposable income in the previous year appears to be the primary economic factor affecting current-year flowers-by-wire sales. Other important factors are current levels of employment, sales of

household appliances and sales of confectionery products (sweets).

Increases in income and employment are associated with increased sales of flowers-by-wire. Sales of household appliances and confectionery products, however, compete with sales of flowers-by-wire.

## **TELEPHONE SALES**

SALES MADE BY TELEPHONE 75% OF TOTAL





# 58% OF THE FLORISTS TAKE TELEPHONE ORDERS AFTER HOURS

12 - NOVE ANSWESTING SERVICE

17" Use nome TRONE

54% USE BUSINESS PHONE OR EXTENSION

17% DID WAT WENTIFY TYPE OF SERVICE

## EVALUATION OF AFTER HOUR SERVICE BY FLORISTS OFFERING IT:

PHILIP IT ABLE

1077

UNITRACITABLE

100

MEN EVEN

915

MERCLY & CUSTOMER CONTRACTOR

100

.h., size	Fraparti n of fl rists offering	ř.i		-hour Teleph provised <sup>1</sup>	Olic	Profitability of Service1		
. nc, size	after-hour service	Answering service	Home phone	Business phone	Uniaentifica	i rofitable	Unprofitable	Break even
	ī ersent	Percent	Fercent	Fercent	Percent	Fercent	Percent	Percent
M11	64	8	18	58	16	71	3	26
Meaium	49	16	14	47	٤3	67	1	32
Large	41	<i>:</i> 1	11	39	19	76	3	21
Very large	5-b	50	12	25	13	71		29

<sup>&</sup>lt;sup>1</sup> Fercentages are of firms providing after-hour service. Course: 1964-65 survey.

The telephone is indispensable to florists. About three-fourths of their total business is by telephone. A majority of florists surveyed provided telephone service for receiving orders after hours. Except for the very large shops, this was usually handled by having an extension of the business telephone in the home of the owner or an employee, or by listing the owner's telephone for after-hour calls. Fifty percent of

the very large florists offering after-hour service used a commercial answering service. Nearly all the florists providing after-hour telephone service had found it a profitable or at least a break-even service. The costs ranged from about \$12 to \$20 per month. Since more of the very large florists use a commercial answering service their cost per month is the highest.

## **CREDIT TO CUSTOMERS**

95% of florists offer credit

THESE FLORISTS MAKE 73% OF THEIR SALES ON CREDIT

THEIR BAD-DEBT LOSSES ARE ONLY 1% OF GROSS SALES

12% OF THEM CHARGE FOR PAST-DUE ACCOUNTS.

TREND IN BAD-DEBT LOSSES IN PAST 5 YEARS HAS BEEN UP FOR 20% OF THEM, DOWN FOR 17%. FOR THE OTHER 63%, LOSSES HAVE REMAINED ABOUT THE SAME.

## **METHODS** USED FOR COLLECTING

PERCENT OF THOSE EXTENDING CREDIT

TELEPHONE	38%
PERSONAL VISIT	19%
FORM LETTER	20%
COLLECTION AGENCY	17%
LEGAL CHANNELS	5%

Shop size	Volume of Percentage of credit sales floricts who charge for		Bad debt losses as	For istance reporting especifies them in ted-debt lates. 1959-6-			
	percentage of total <sup>1</sup>	past-due accounts	a percentage of gross sales	Indrease	Deurcase	No minge	
	Percent	Percent	Percent	Percent	Percent	Percent	
mall	68	10	0.89	17	13	65	
edium	73	20	.76	24	18	58	
arge	71	15	• 7.1	24	11	65	
ery large	78		.43	29	14	57	

¹ Data apply only to florists offering credit. Percentages were small shops, 94; medium shops, 97; large shops, 100; and very large shops, 97.

Source: 1964-65 survey.

Florists, regardless of the size of operation, are quite liberal in offering customer credit. They do most of their business on credit; and the larger the business the greater is the proportion of credit sales. Florists not only offer credit readily, they tolerate past-due accounts without penalty. In 1964, only about one out of eight of the florists surveyed charged a fee for accounts past due. None of the very large firms indicated making such a charge. Among other businesses, the percentage imposing a service charge

for past-due accounts appears to be much higher.

Despite liberal handling of credit accounts, losses due to bad debts averaged less than I percent in 1964. This is well in line with other businesses that do not insist on 30-day collection. The rate of loss due to bad debt among small firms was about twice the rate of loss among very large firms. A majority of the florists indicated that losses due to bad debts had not changed materially in the past 5 years.



# ESTABLISHING CREDIT FOR FIRST TIME PURCHASERS

25% REQUIRE NO CREDIT CHECK WHEN SELLING TO STRANGERS • 62% REQUIRE CREDIT CHECK WHEN SELLING TO STRANGERS • 13% REQUIRE PURCHASERS TO COME INTO THE SHOP



Type Of Credit Information Requested	Florists Requesting Each %				
EMPLOYMENT	7° <b>22</b>				
	22				
PERSONAL	22				
REFERENCES BUSINESS OR CREDIT PERSONAL	25				
PERSONAL	15				
CREDIT AGENCY REPORT	11				
OTHER	5				

Shop size	Refuse order unless purchasers appear in person	Accept order without question	Accept orders only if purchaser is able to furnish some credit information						
	Percent	Percent	Percent						
all	12	31	57						
edium	12	15	73						
rge	18	14	68						
ry large	25	8	67						

	Type of information requested or relied on most									
Chop size	D	5-3	Refe	rences	Credit					
	Personal	Employment	Business	Personal	agency	Other				
	Percent	Percent	Percent	Percent	Percent	Percent				
mall	22	23	25	15	11	4				
Medium	21	20	28	13	12	6				
Arge	21	28	23	15	9	4				
ery large	14	7	21	15	36	7				

Source: 1964-65 survey.

Three out of four florists surveyed required some kind of credit information from first-time purchasers placing orders by telephone. In fact, one in eight would not accept the order unless the customer appeared in person and submitted a formal credit application, or agreed to pay in advance or upon delivery.

Most of the florists who accepted phone orders on credit from first-time purchasers without requiring any credit information realized that they were taking a risk. The rest thought that they could judge purchasers by the neighborhood in which they lived, or relied on their belief in the basic honesty of people.

Looking at the credit policies among the different sized shops, it is easy to see why small shops have had twice the loss rate due to bad debts as the very large shops. Among small shops, nearly 1 out of 3 accepted telephone orders from new customers on credit, while among very large shops only 1 in 12 followed this practice. Very large firms placed less emphasis on personal and employment information and more emphasis on checking with local credit agencies.

## FREE DELIVERY AND FREE PARKING



97% OF FLORISTS OFFER FREE DELIVERY
77% OF THE SALES ARE DELIVERED FREE
DELIVERY COSTS FLORISTS AN AVERAGE OF \$.67

OF THOSE WHO DELIVER FREE
72% HAVE RESTRICTIONS ON DELIVERY
16% USE COMMERCIAL VEHICLES
13% USE AIR-CONDITIONED VEHICLES
63% NEVER POOL DELIVERIES WITH OTHER FLORISTS;
6% POOL DELIVERIES OFTEN
31% POOL DELIVERIES OCCASIONALLY
68% OF FLORISTS PROVIDE FREE PARKING

	Florists Proportion Average Minimum Maximum		Percentage of florists who deliver free who							
Shop size	offering free delivery	of sales delivered	cost per delivery	order distance for delivered delivery		Have re- strictions on delivery	Use commercial vehicles	Use air- conditioned vehicles	Pool del <b>iv</b> eries often	Provide free parking
	Percent	Percent	Cents	Dollars	Miles	Percent	Percent	Percent	Percent	Percent
Small	97	75	68	4.00	11	69	11	12	5	68
Medium	98	80	65	3.50	10	77	21	12	6	69
Large	97	81	70	3.50	10	82	38	17	16	66
Very large.	100	79	78	4.00	17	85	25	25	14	78

Source: 1964-65 survey.

"Across the street or around the world we deliver in one day," would be a very appropriate florist's motto. Nearly all florists provide free delivery and deliver most of what they sell. However, most florists, regardless of size, have some type of restriction either on size of order or distance of delivery, or both. These restrictions appear quite reasonable. The minimum order in 1964 ranged between \$3.50 and \$4.00, and the average distance of delivery was about 10 miles. Very large firms accepted deliveries up to 17 miles. About 10 percent of all florists indicated that they delivered throughout the city limits or the entire county regardless of distance.

Most florists have their own vehicles for delivery, but commercial delivery serv-

ice is also used, especially by the larger firms.

Air-conditioned delivery vehicles were used by about 1 in 13 florists in 1964. They were most often used by the large and very large firms.

Even though delivery costs represent 10 percent of the average order, pooling of deliveries is rare among florists. It is practiced least by the small and very large firms. A more efficient system of delivery, such as pooling, might substantially improve profits of florists.

Although most sales were by phone and most orders were delivered, a fairly high proportion of florists of all sizes offered free customer parking in 1964.

## ADVERTISING AND PAID MEDIA



74% OF THE FLORISTS ADVERTISE IN PAID MEDIA.
THEY SPEND NEARLY 2% OF THEIR GROSS SALES ON ADVERTISING.

WHERE THE 74% ADVERTISE:	USAGE	MONEY SPENT
AD VERTIGE,	% OF	TOTAL
NEWSPAPER	74	28
YELLOW PAGES	74	25
CHURCH OR SCHOOL PUBLICATION	59	8
ADIO	33	12
PIRECT MAIL	26	12
ILLBOARD	7	2
ELEVISION	4	2
THER	32	11

	Shop size									
Medir us		3mall	M	dium	Large		Very large			
	-Lope ing	Fit. advertising budget	dest using	Fet. adver- tising budget	Chops using	Pot. adver- tising budget	Shops	Pct. adver- tising budget		
	Pers-nt	Per en-	Fernent	Pervent	Percent	Percent	Percent	Percent		
Newspar rr	۳l	2ri	~~	2)	80	28	38	36		
Radic	∠R	1	4	11	42	13		211		
Television	7_~	Ţ	4		1	4	12	1		
Billboard		1	€	1	21	6	25	3		
Chur h publications.		10	64	3	07	7	62	8		
Yellow pages	72	5€	78	25	80	17	82	11		
Direct mail	13		31		58	15	62	13		
Other	2-	12	36	1.0	40	Э	5)	9		

<sup>1</sup> Megligible.

Source: 1964-cf survey.

Nearly three-fourths of the florists surveyed advertised in paid media. In 1964 they spent nearly 2 percent of gross sales for advertising. Newspapers and the yellow pages of telephone directories were the media most often used, and accounted for a major portion of the advertising budget.

Small florists spent over a third of their advertising budget on yellow pages, while the larger florists emphasized newspaper advertising in their budgets.

Church and school publications and year-books (professional or civic) were also used by a high proportion of the florists, but these media received only a small portion of the total budget. Use of radio and direct mail was quite extensive, particularly among medium and larger florists.

Billboards and television were used by some of the florists, primarily those classed as large and very large, but this form of advertisement received only a very small share of their total budgets.

# ADVERTISING BUDGET



HOW DETERMINED	% OF FLORISTS WH
HAVE NO PLAN	52
BY GROSS SALES	23
PREVIOUS YEAR'S EXPERIENCE	13
ALLOT FIXED AMOUNT	5
OTHER	7

## WHAT FLORISTS THINK THEY ARE SPENDING

## CURRENT YEAR'S BUDGET PLAN, COMPARED WITH PREVIOUS YEAR'S

% OF FLORISTS WHO ADVERTISE

SAME 69

HIGHER 21

LOWER 10

		Advertis	ing budget ba	Current tudget, compared with budget of previous year					
Shop size	No plan	Gross sales	Previous year's experience	Fixed amount	Other	Same	Higher	Lower	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
Small	55	21	12	6	3	72	17	11	
Medium	48	20	19	2	7	62	27	11	
Large	49	29	6	4	11	69	22	9	
Very large	20	50			30	56	44		

Data apply only to florists who advertise. Source: 1964-65 survey.

When it comes to setting up advertising budgets, the survey indicates that the majority of florists employ a "fly by the seat of the pants" method. However, some set their budgets on the basis of gross sales or previous experience, and others have a fixed budget regardless of sales or experience. Spending advertising money without a predetermined plan was least common among the very large firms.

Among those who planned an advertising budget, gross sales for the current or previous year, or previous experience with advertising were the two most common bases.

Budgets for the survey year indicated that many firms, particularly the largest ones, planned to increase the amount spent for advertising. A few florists planned to decrease the amount.



IDEA STRESSED	OF FLORISTS WHO ADVERTISED
SHOP IMAGE	36
OCCASION OR USE	35
SERVICE AND CONVENIENCE	CE 17
VALUE OR PRICE	11
NON-FLORAL PRODUCTS	

ow! iz∙	Frequency is a verticing frontage friend)				l in s stressen in ats ersen age of firms) <sup>1</sup>					Percentage of firms mentioning specified effects of advertising on sales				
	0 € ∞.	5i-	l n'nlp	opecial Marien		r us	Service and conven.	Value er price	Non- floral prof.	In- crease	Very little	Ques- tionable	Makes shop known	A neces- sity
	r	rent	lercent	Lurcent	lercent	ercent	Percent	<u>Fercent</u>	Fercent	Percent	Percent	Percent	Percent	Percent
<b>-</b> 10			1_	00	34	<b>→</b> ⊥	نا	le	h-	38	31	18	12	1
) L			_		2.1	,1		R		49	2	13	14	2
i					5.8	, t	17	19		46	16	-1	13	4
with Larg .										63		15	15	~-

I era optile day to carrell, an over it.

Among the florists surveyed, nearly two out of three who advertised limited their ads to special occasions. Of the one-third who advertised on a regular basis, half advertised weekly and the rest monthly. Regular advertising was practiced least by small firms and most by very large ones.

More than half of the florists directed their advertising primarily toward creating a favorable image of their shop, stressing quality, customer satisfaction, service, convenience, and reliability. Only about one-third of the florists placed greatest stress on the occasions for which floral products serve best. Advertising floral products as a good value at a special price was even less frequent, particularly

among small and medium-sized firms. Emphasis on price was much more prevelant among the large and very large firms than among the other size groups.

More than half of the florists who advertised felt that it had been helpful to sales or at least had made their shop better known—a prerequisite for maintaining or expanding sales. The proportion of florists attributing increased sales to advertising was lowest among the small florists.

While only a few florists doubted the value of advertising, nearly 20 percent questioned whether its impact could be measured precisely.

# FLORAL PRODUCT FEATURES



37% FEATURE SPECIFIC FLORAL PRODUCTS
64% CHARGE REGULAR PRICES FOR FEATURED ITEMS
35% CHARGE EXTRA TO DELIVER THEM

#### MAIN METHOD USED TO TELL CUSTOMER ABOUT FEATURE:

% OF FLORISTS

NEWSPAPER AD 40
WINDOW SIGN 20
RADIO 17
DIRECT MAIL 8
OTHER 15

#### **RESULTS OF FEATURES:**

EXCELLENT 37
GOOD 56
POOR 5
OTHER 2

	Percentage of florists who use specified methods to advertise feature					Fercentage of florists who find results of featuring1			
Shop s <b>iz</b> e	News- paper ad	Window sign	Radio	Direct mail	Other	Excel- lent	Good	Foor	Uther
	Percent	Percent	Percent	Percent	Percent	Fersent	Fercent	Fersent	Persent
Small	44	21	16	7	12	31	62	6	l
Medium	38	21	15	ġ	17	40	51	7	2
arge	36	18	18	9	19	33	55	9	3
ery large	33	11	17	11	28	75	25		

<sup>&</sup>lt;sup>1</sup> Data apply only to florists who feature specific floral products. Source: 1964-65 survey.

More than one-third of the florists featured specific floral products in 1964, and a majority of them charged regular prices for the items featured. Newspapers were the most popular method of advertising featured items, although window signs and radio spots were also used fairly frequently.

Among florists who featured specific floral products, nearly all considered the practice beneficial to sales. Only 5 percent reported having experienced poor sales results. Those expressing satisfaction with the results of features were primarily in the group of very large firms.



	M	get eu · ·····	ful feature	Ţ		.) · ·a.	sionl	
4 1 1 1 2	Arranges flowers and or ages	ut flwr.	Flants	Artificial flowers and plants	Unidenti- fied	Special events	Seasonal	Othera
	Percent	Ferent	rercent	Per ent	Percent	Percent	Percent	Percent
`mail	-1	-1	23	5	51	38	-	4
Medium	+1	2.3	2L	4	4.7	3є	10	7
Large	4			÷	41	23	13	13
Very large	-8	10			42	24	8	2.
All	42	29	25	++	49	34	7	3

 $<sup>^{\</sup>circ}$  Fer entages are of times an item was named by the survey firms.

Sour :: 1964-6 survey.

More than two-thirds of the successful features reported were those which included fresh flowers, with arrangements accounting for the largest share of these. Very large firms had particularly good success with featured arrangements. Flowering and foliage plants, including dishgardens, were among the more popular features.

Nearly half of the florists failed to identify the occasion for features, but of those identified, most were special events. Featuring of items for other than special events was seldom mentioned, particularly among small and mediumsized firms. Large and very large firms showed some inclination to promote floral products for occasions other than special events.

Except for small florists, the majority of the firms reported that reduced prices were charged for featured items. About one-third of the florists who featured items at reduced prices charged extra for delivery, and another tenth restricted featured items to cash sales.

# FLORAL WINDOW DISPLAYS

82% OF THE FLORISTS BELIEV THEY STIMULATE SALES 86% USE THEM



### WHEN DISPLAYS ARE CHANGED % OF FLORISTS

WEEKLY 35
PRIMARILY ON SPECIAL OCCASIONS 29
MONTHLY 25
OTHER 11

	Floral window	w displays				
Shop size	Percentage of	Percentage of florists who	Florists	reporting that d	isplays are char	iged
	florists using them	believe they stimulate sales	Weekly	On sperial occasions	Monthly	Other
	Percent	Percent	Percent	Percent	Percent	Percent
Small	79	84	34	31	26	9
Medium	86	90	34	30	27	9
Large	88	93	45	24	21	10
Very large	100	100	44	17	17	22

Source: 1964-65 survey.

Window displays are highly regarded and widely used as a means of stimulating sales of floral products. Use of in-window displays tends to increase with size of shop. The fre-

quency with which displays are changed varies among florists, but most change them fairly regularly.

### LIVE FLOWER ARRANGEMENTS DISPLAYED

38% OF THE FLORISTS DISPLAY PREPARED ARRANGEMENTS



WHERE DISPLAYED

% OF FLORISTS DISPLAYING

CASE
SALES AREA
BOTH PLACES

55 16 29

**PRICING** 

77% OF THE FLORISTS WHO DISPLAY ARRANGEMENTS PRICE MARK THEM

PRICES RANGE FROM \$4.50 TO \$12.00 THE MOST POPULAR PRICE IS \$6.00

	1 23	ation of diag	lay	Fricemark	Frice	range <sup>2</sup>	Most	
_∴ p cize	Co	Sales	5 11	arrange-	Ave	popular price <sup>2</sup>		
	Case	area	Both	merics	High	Low	F	
	Fercent	Percent	Percent	Fercent	Dollars	Dollars	Dollars	
rall	58	17	25	74	10.50	4.25	5.50	
edium	58	11	31	78	12.00	4.25	6.50	
Large	<b>-3</b>	18	39	88	15.5∪	4.75	7.25	
Very large	~ _		6 m	82	14.00	5.00	7.50	

Percentages are of florists displaying live flower arrangements. Rounded to marest 25 pents.

lource: 1964-65 survey.

Florists make it a practice always to display fresh floral arrangements in their shops. Because of the perishable nature of fresh flowers, most florists keep the arrangements in refrigerated display cases. However, it is not uncommon to find arrangements displayed in the sales area as well.

Most florists pricemark their displayed arrangements, and report the \$6 items to be the best sellers. Small florists display less expensive arrangements and their best sellers have tended to be lower priced items.

# FLOWERS SOLD UNARRANGED



#### PERCENT OF FLORISTS

- 38 CHARGE THE SAME AS FOR ARRANGED FLOWERS
- 34 OFFER TO ARRANGE THEM FREE
- 60 TRY TO SELL ACCESSORIES WITH THEM
- 55 GIVE ACCESSORIES WITH THEM

ACCESSORIES GIVEN MOST OFTEN
RIBBONS, OASES, WIRE, GREENS, INEXPENSIVE VASES

	Unarra	_	ers: percenta ts who	age of
Shop size	Charge same as for arranged	Offer to arrange free	Try to sell accessories	Give accessories
	Percent	Percent	Percent	Percent
Small	34	34	58	52
Medium	42	33	63	58
Large	52	37	67	64
Very large	33	28	72	72

Source: 1964-65 survey.

Methods of pricing flowers vary. Over a third of the florists interviewed charged the same price for arranged as for unarranged flowers. Another third offered to arrange flowers for the customer without additional charge, and the majority offered to sell accessories

with unarranged flowers. The practice of giving limited accessories with unarranged flowers was also widespread, as was the attempt to sell additional accessories. Both these practices were most common among very large firms.

#### **SELF-SERVICE**



### PERCENT OF FLORISTS

81 PRICE MARK MOST ITEMS ON DISPLAY

27 OFFER PLANTS, SELF-SERVICE

5 OFFER CUT FLOWERS, SELF-SERVICE

15% OF TOTAL SALES ARE MADE THROUGH SELF-**SERVICE** 

	Percentage	e of floris	ts who	Self-service	
Shop size	Pricemark most items	Offer sel for purch	lf-service nase of	sales as percentage of total	
	MOSt Items	Plants	Cut flowers	OI total	
	Fercent	Percent	Percent	Percent	
Small	77	25	3	15	
Medium	87	33	5	7	
Large	83	30	11	11	
Very large.	94	33	17	19	

<sup>1</sup> Data are for florists who offer self-service.

Source: 1964-65 survey.

mark most items displayed in the shop, self- percent of total sales in shops operating on service is practiced only on a limited scale, that basis. Very large and small shops sell and very rarely with cut flowers. Flowering more through self-service than do other sized and foliage plants were the items offered most shops. frequently on a self-service basis.

Although a high percentage of florists price- Self-service sales accounted for about 15

# SELF SERVICE PRO and CON

21% FOR 79% AGAINST

OF THOSE

FOR	% OF THOSE VOTING FOR
GOOD SHOP LOCATION	24
ENCOURAGES BROWSING	22
SAVES SERVICE TIME	21
GOOD WAY TO SELL PLANTS	17
GOOD WAY TO SELL ON SPECIAL OCCASIONS	16

**AGAINST** AGAINST CUSTOMER NEEDS SERVICE 41 PRODUCT LOSS TOO HIGH POOR SHOP LOCATION 16 MOST SALES BY TELEPHONE 8 **OTHER** 

	Per- centage	Percen	tage of flo who gave a			service	Per-					
Shop size	favoring self- service	Shop is well located	It en- courages browsing	It saves service time	It is a good way to sell plants	It is good on special occasions	centage opposed to self- service	Customers need serv- ice	Product loss is too high	Shop is poorly located	Most sales are by telephone	Other reasons
Small	20	20	30	21	18	11	80	39	33	14	8	6
Medium	22	35	12	15	12	26	78	48	18	19	7	8
Large	25	24	6	29	23	18	74	39	25	18	9	9
Very large	33	34	33	33	0	0	67	43		29	28	0

Source: 1964-65 survey.

Only one florist out of five among those surveyed considered self-service an efficient selling tool. Among large and very large firms, the percentage favoring self-service was somewhat higher.

Florists favoring self-service emphasized the desirability of having a shop location with the potential for abundant in-store customer traffic. Many of these florists reported selfservice to be an excellent labor saver and an effective method of encouraging customer browsing, thereby maximizing sales. Some of the florists found self-service to be an effective merchandising tool, particularly for selling flowering and foilage plants during holidays and other busy periods.

Nearly four out of five florists considered self-service in florist shops ineffective. The

reason given most often was that customers need personal service and attention to help them make the appropriate selection. Possible losses due to excessive customer handling of products was another reason given, particularly when cut flowers were offered. Poor shop location and the fact that the majority of sales were handled by telephone were also considered by some florists as important reasons for not using self-service.

Proportionately fewer of the very large firms indicated opposition to self-service, and none were concerned about possible losses due to customers handling the products. However, they were in agreement with other florists that customers needed assistance in making their selections.

### **IN-STORE TRAFFIC**

76% OF THE FLORISTS THINK IN-STORE TRAFFIC STIMULATES SALES



#### HERE'S HOW THEY BUILD IT:

KEEP SHOP ATTRACTIVE, SHOW SPECIAL DISPLAYS
INVITE CUSTOMERS THROUGH REGULAR ADS
16
OFFER SPECIALS
HANDLE NON-FLORAL ITEMS
HOLD OPEN HOUSE
5
OTHER ACTIONS

32% OF IN-STORE CUSTOMERS ARE MALE, 68% FEMALE.

AVERAGE VALUE OF ORDERS OF WALK-IN CUSTOMERS, \$5.25,

COMPARED WITH \$6.75, OF TELEPHONE ORDERS.

	Percentage of		Percentage of	florists who	build in-store	e traffic by	
-lp ⊲ize	florists favoring in-store customer traffic	Keeping shop attractive & showing special displays	Inviling hustomer through regular ads	Offering specials	Handling nonfloral items	Holding open house	Other actions
	Fercent	Per ent	Tercent	Percent	Percent	Percent	Percent
malı	72	*11.	16	12	8	4	10
Medium	و د		1 '	14	9	6	14
Large	91	46	15	18	4	6	11
Very large	78	14	15	15	one and	8	8

Source: 1 %4-65 survey.

Of the florists surveyed, three-fourths favored encouraging in-store customer traffic as a means of increasing sales. Most florists try to build this type of trade by having special in-store displays and keeping an attractive shop. Some also invite customers through advertising regularly, in addition to offering special sales of floral items. More large shops favored in-store traffic than did the others.

Most shops have a disadvantage in building in-store customer traffic because they are

located where pedestrian traffic is light. Very few are in areas of heavy pedestrian traffic. Nearly half of the surveyed shops were located near heavy vehicular traffic and only 12 percent were in areas of light traffic.

Although walk-in customers spend less per order than do telephone customers, they still average about \$5 per order. Two out of three walk-in customers are women.

# IN-STORE PROMOTIONAL MATERIALS



58% THINK IN-STORE PROMOTIONAL MATERIALS STIMULATE SALES
70% ARE GETTING SUFFICIENT SUPPLIES OF SUCH MATERIALS
10% USE ANIMATED DISPLAYS

KIND OF ANIMATED DISPLAY	PERCENT WHO USE THIS KIND
SPECIAL OCCASION SUBJECT, SUCH AS SANTA CLAUS OR EASTER BUNNY	<b>38</b>
TURNTABLE	23
WATERFALL OR FOUNTAIN	23
BATTERY-OPERATED	7
OTHER	9

	materi	re promotion als: percer lorists who-	itage	Percentage of florists using specified kinds of animated displays					
Shop size	Indicated they stimulate sales	Are getting enough	Use animated displays	Special- occasion pieces	Turn- table	Waterfall or fountain	Battery operated	Other	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
mall	54	68	1)5	37	21	15	15	12	
dium	63	71	10	44	22	22	3	9	
rge	70	76	12	42	26	21	11		
ry large	61	66	06	>0		50			

Source: 1964-65 survey.

The majority of in-store promotional materials are supplied by trade associations. Instore promotional materials are considered a sales stimulant by a majority of the florists surveyed. Medium sized and large firms accord more value to them than do small firms. Most florists reported they were receiving suf-

ficient quantities of promotional materials.

Use of animated display pieces was chiefly limited to special holidays such as Easter and Christmas. Their use was more extensive among the intermediate sized shops than among the very large or small shops.

# SUGGESTED CHANGES IN IN-STORE PROMOTIONAL MATERIALS



	PERCENT OF FLORISTS
IMPROVE OVERALL APPEARANCE	36
PROVIDE UNPRICED ARRANGEMENTS	25
MAKE PIECES SMALLER	14
MAKE PIECES MORE DURABLE	10
ANIMATE DISPLAY	<b>7</b> ,
OTHER	8

	Fromotional materials should be-+1										
Chop .ize	Improved in appearance	Unprised	Cmaller	More durable	More often animated	Other					
	Percent	Percent	Fercent	Percent	Percent	Percent					
Small	37	28	13	7	2	13					
Medium	39	21	11	11	11	7					
Jarge	17	17	22	22	17	5					
Tery large	75	_5									

 $<sup>^{1}</sup>$  ercentages are of all suggestions offer.d.

Source: 1964-65 survey.

A desire for overall improvements in instore promotional materials seems to be shared by many florists. One suggestion made by a number of florists surveyed was for display pieces that show unpriced arrangements. This would provide florists greater flexibility in pricing, use of products in season, and design.

Some retailers also would like more in-store promotional materials of a permanent nature, while others want smaller displays for greater versatility. There also appears to be some interest in having more kinds of animated display materials. Managers of many of the very large shops noted a need for overall improvement in the appearance of displays.

# REQUESTED IN-STORE PROMOTIONAL MATERIAL

11% OF THE FLORISTS ARE NOT GETTING ALL THE PROMOTIONAL MATERIALS THEY NEED



#### WHAT THEY WANT

PHOTO REPRODUCTIONS
WINDOW POSTERS
POSTERS FOR GENERAL USE
ALL TYPES OF POSTERS
SPECIAL OCCASION POSTERS
EDUCATIONAL POSTERS
OTHER

#### PERCENT WANTING

	Percentag	e of florist	s not gettin	g enough promo	tion materia	ls who want mo	re
Shop size	Photo reproductions	Window posters	General use displays	Special occasion or use displays	Materials of all types	Educational materials	Other
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small	21	19	18	13	13	4	12
Medium	20	15	10	10	5	15	25
Large	18	18	9	9	28	9	9
Very large	25	25				50	

Source: 1964-65 survey.

Only 11 percent of the florists reported they were not getting enough in-store promotional materials. Photo reproductions and window posters ranked fairly high among the items in short supply. Others mentioned included posters for general use as well as for special occasions.

Educational posters ranked fairly low on the list of needs expressed by all florists except those operating very large firms.

Floral sales might benefit from consumer education programs using in-store promotional materials.

# ARTIFICIAL FLOWERS AND PLANTS



SAND THE WAY TO BE THE TOTAL THROUGH AND THE WAY TO BE THE WAY TO SALES
OF PLOPISTS WAS STILL AS TRUCKLES

PRICE OF ARRANGEMENTS HANGED FROM \$3.25 TO M.6.75

PLORISTS' DPINIONS ADALIT THE ENTROY OF SALES OF ARTHROAD PLOVAL PROPOLATE IN THE HIGH SALES

	Furn lige	artinio artinio o persento o grac tales	artificate was also them-			ar tricial	range of s displayed	Percentage of florists reporting that sales of artificials have		
· · · · iz	rtificials		Lucse	Arrang Unly	Book Wayu	Average low	Average high	No effect on fresh sales	Reduce fresh sales	Increase fresh sales
	Fercent	: erdent	rerount	Feruent	Fercent	Dollars	Dollars	Persent	Percent	Percent
****	81	7	4	41	5T	3.25	18.50	60	31	9
l dan	32	2		32	ρć	5، اد	28.50	63	20	17
rg	-1			. *	~1		40.75	67	13	15
V ny large	94				£6	-,	34.75	50	25	25

ourne: let-e5 survey.

A great majority of florists handle artificial flowers and plants. In addition to being an important source of revenue, artificials provide customers a fuller line of products from which to choose. Most florists handling artificials sell them loose as well as arranged, but prefer selling arrangements.

While most florists interviewed reported that sales of artificials had no effect on sales of fresh floral products, about one out of four said that sales of artificials cut into sales of fresh products. Small florists seemed most

concerned about the adverse effects of artificials on sales of fresh flowers.

A few florists, about one in eight, considered sales of artificials as a stimulant to sales of fresh flowers.

Some artificial arrangements displayed were priced as high as \$600. The prices of artificial flowers and plant arrangements displayed ranged from an average low of \$3.25 among small firms to an average high of nearly \$47 among large firms.

# USE OF ARTIFICIAL PLANTS AND FLOWERS



HOW CURI	RENT PURCHASES ARE USED:	%
	HOME DECORATION	39
	IN CEMETERIES	20
	IN HOSPITALS	17
	IN COMMERCIAL ESTABLISHMENTS	14
	AS GIFTS	8
	OTHER	

	Percentage of purchased artificials used for										
Shop size	Home decoration	Cemeteries	Hospitals	Commercial establishments	Gifts	Others					
	Percent	Percent	Percent	Percent	Percent	Percent					
Small	37	24	18	10	8	3					
Wedium	40	IJ	18	17	11	1					
Large	43	8	10	30	6	3					
Very large	50	4	8	38							

Source: 1964-65 survey.

The uses for artificial flowers and plants vary, although home decoration appears to be the most popular use. Other uses for artificials as indicated by the florists interviewed are (in order of importance) for cemeteries, hospi-

tals, and commercial establishments. Sales to commercial establishments appear to be highest among large and very large shops. These ratings represent number of sales and not dollar value.

### MASS MARKET OUTLETS

68% OF THE FLORISTS ARE NEAR MASS MARKET OUTLETS THAT SELL FLORAL PRODUCTS.



#### **EFFECT ON REGULAR FLORISTS**

IF MASS MARKET OUTLETS INCREASED THEIR SALES OF FLORAL PRODUCTS:

64% OF FLORISTS THINK THEIR SALES WOULD DECREASE.

29% THINK THEIR SALES WOULD NOT BE AFFECTED.

7% THINK THEIR SALES WOULD INCREASE.

#### **CONCESSION OPERATION**

5% OF FLORISTS HAVE OPERATED MASS MARKET CONCESSIONS.

2% ARE OPERATING THEM NOW

1% HAVE DEFINITE PLANS TO OPERATE THEM.

19% ARE INTERESTED IN OPERATING SUCH A CONCESSION IF GIVEN AN ATTRACTIVE OPPORTUNITY.

	W Jan		utlet i personsis nt theye	Flori	s' 'experier in mass ut.	Percentage of mass market outlets near florists that handle floral products				
index (EE)	7 H	l n	De re :	dave gerated one	Are operating one	lian to operate one	Want to operate one	Percentage of flor. log. near mass mkt. outlets	Con- tinuously	Oc- casionally
	( <u>r</u> . 17	r . 1)	ron	Percent	Per ent	fersent	Persent	Percent	Percent	Percent
Ciliano como con contra		1.3		3	4	1	18	67	58	42
Мел. 21					1	1		70	67	33
Lar <sub>[</sub> )	D <sub>F</sub>			TŢ			~4	67	74	26
ery large	,			23				89	50	50

2 arm: 154-65 arvept

Mass market outlets for floral products are fairly well distributed in most major markets. More than two-thirds of the florists reported that one or more such outlets were located near their shops. In most cases these markets did not handle floral products on a continuous basis. Most small florists considered these outlets as a detriment to their own sales, but a few reported that sales of floral products in mass outlets actually benefited their sales.

Some florists seemed totally unconcerned about mass outlets. This latter group was comprised primarily of large firms.

Very few florists surveyed had plans for or had had experience in operating concessions in mass outlets. Except for the very large firms, there was considerable interest expressed in the potential for operation of concessions in mass markets.

# HOW FLORISTS GET THEIR SUPPLIES OF CUT FLOWERS AND PLANTS



FLORISTS BUY 18% OF THEIR SUTTLINIEN TO DIVERNING WITH FOLIAGE PLANTS, AND 29% OF THEEN-THEY GROW THE REST THE WESLIES

PUT TENUS :=

TO MERCHINE WAS

PERCENT OF TRUE TELECONICE

HOW ORDERED

BY TELERHOWE ON PERSONAL INSVECTION OF STANLING GROEN OTHER

ONLY 31 OF THE FLORISTS ALL WAY FELL MARCES COOPS ALL AS THE SELFLOWERS AND FOUNDERS AND FOLLOWERS AND FOLLOWERS AND THE PLANTS AND THE PLANT

		tage of spe urchased by			Percentage of cut flowers purchased as specified				Percentage of flowering and foli- age plants purchased as specified				
Shop size	Cut flowers	Flowering and foliage plants	Greens	By telephone	On personal in- spection	Standing order	Other	By telephone	On personal in-spection	Standing order	Other		
	Pct.	Pct.	Pet.	Pct.	Pet.	Pct.	Pet.	Pct.	Pet.	Pct.	Pct.		
Small	92	86	97	58	34	6	2	48	44	4	4		
Medium	86	76	99	60	29	10	1	50	38	8	4		
Large	92	79	100	59	27	13	1	50	38	7	5		
Very large	67	49	100	62	20	18	***	74	15	9	2		

Source: 1964-65 survey.

Small florists reported that in 1964 they bought approximately 91 percent of the perishables used in their operation, whereas very large firms reported buying only about 63 percent. Thus, the overall ratio for the industry was 86 percent purchased, and 14 percent grown. Florists reported they do most of their

buying by telephone, although buying through personal inspection is also fairly important.

Cooperative or group purchasing is practically nonexistent among florists; it accounted for only 3 percent of total purchases in 1964. Small shops, which perhaps could benefit most from cooperative purchasing, practice it least.

### STANDING ORDERS

### FREDHENCY OF RELIVERY

MESAL YOUR MARKS OF THE MARKS O

TENE BOUGHT OF ATAMONIC ORDER

	Perce	entage of s deliv	tanding o	rders	Percentage of standing orders that are for								
.h p vize	Weekly or oftener	Holiday or seasonal	Other spec. times	Un- identi- fied	Glads	Car- nations	Roses	Other flowers	Pompons and mums	Plants	Greens	Other	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
Small	40	19	4	37	20	20	18	14	8	10	5	5	
Medium	54	10	4	32	2"	21	16	10	10	7	5	4	
Large	42	2	2	54	21	20	23	10	11	4	7	4	
Very large.	28		15	57	13	20	27	13	13	7		7	

Source: 1964-65 survey.

Relatively few of the florists surveyed used standing orders in buying perishables. However, in view of the continued trend toward centralization of production of major floral products, often distant from population centers, standing orders could prove to be a very efficient method of getting supplies of perishables. But for this practice to gain wide acceptance, the floral industry will have to provide a method of standardizing the quality of the floral products being offered. Most of the florists receiving

floral products on a standing-order basis get deliveries weekly or more often. Most frequent deliveries are to medium-sized firms. Some standing orders are scheduled only for holidays or during certain seasons. Fresh flowers dominate among items received on a standing-order basis, representing over 80 percent of the deliveries. Gladioli, carnations, and roses are the flowers received most commonly through standing orders.

# C.O.D. DELIVERY

# PROMPT-PAYMENT INCENTIVES

9% OF TROPHETS DECEME SOME RELIVENCES LIGHT

THE PROSE RESULTING

BUYERS FEDUEST IT
ACCOUNT IS CELLINOVENE AS SHOULD BE SH

	Floriata	Florists receiving shipments c.o.d. for specified reason						Florists subject to		Florists receiving specified discount			Florists paying specified penalty in case of late		
Shop size rece	receiving shipments c.o.d.		Delinquent account	Supplier or order too small	No account with supplier	Out-of- town supplier	To qualify for discount	Promptness discount	Late- ness penalty	Less	compt pay	More than 2 pct.	Less than 2 pct.	payment 2 pct.	More than 2 pct.
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Small	10	40	21	16	16	4	3	21	7	23	67	10	63	14	23
Medium	8	32	20	32	12		4	31	7	16	72	12	90	5	5
Large	8	75	12	13				34	7	7	81	12	78		22
Very large								50	6	18	82		100		

Source: 1964-65 survey.

Only 1 florist in 11 received supplies on a c.o.d. basis in 1964. Most such deliveries were made at the request of the florists, particularly among the large firms. Only one in 5 florists that received c.o.d. deliveries did so because they owed the suppliers for previous deliveries.

Wholesale suppliers of perishables are fairly liberal in offering discounts to florists for paying bills promptly, and are somewhat reluctant to penalize them for late payment of bills.

About the same proportion of shops, regardless of size, were subject to penalties for late payment of bills. However, discounts to small firms for prompt payment were not nearly as common as for the larger firms.

Discounts are usually offered for payment made within 10 days; penalties are imposed after 30 days. Quite a few medium-sized firms and some small ones reported that they were penalized for bills if unpaid after 10 or 15 days, while large firms reported that they were given 60 days to pay bills without a penalty.

### **SUPPLY INFORMATION**



COURTE (ES OF (Lourn)
EVELORISET

WHOLESHIE DIVIDES

PAINTEN AND POLITE

DELIVERY MAY

TELEPHONE CALLS TO

SUPPLY COURTE

VICTOR TO MARK

TO SUPPLY COURTE

TO THE PROPERTY OF THE PASSAGE OF TH

FEME OF THEIR ENGINEERINGS FOR

		i ilent ge i	f fi rist. re ci	ving Lupply informa	ation from	
4-4-	an⊤ 'u' ⊥or	. rinte . media	Gr wers and route calesmen	Tele, home calls to supply source	Visits to market	üther
	Preent	.ercent	<u>    ercent</u>	<u> Fercent</u>	Percent	Percent
п 1	344	they the	11	16	3	9
vic ci im	54	. 2	L	15	12	4
Large	31	24	8	20	13	4
ery large	23	15	31	15	8	8

Source: 1964-65 survey.

Wholesale suppliers represent the most important source of information for retail florists about current and future supplies. Printed media are also fairly important. Very large firms check frequently with growers and salesmen about supplies.

Most of the florists surveyed reported they were satisfied with their sources of supply in-

formation. Those who stated they were not satisfied said they would like to have (1) regularly scheduled, impartial, and reliably written reports on supply conditions; (2) a standardized gauge of floral quality; and (3) more contact with growers.



	Average markup ratio												
Shop size		Arranged f	lowers, who	en wholesa	Unarranged flowers, when wholesale cost was								
	\$0.75	\$1.25	\$1.80	\$2.75	\$3.50	ф0.75	\$1.25	\$1.80	\$2.75	¢3.5∪			
					Marku	p ratio - ·							
etail price:													
Small	4.0	3.3	3.0	2.7	2.7	2.5	2.4	2.3	2.3	2.3			
Medium	4.0	3.5	3.2	3.0	3.0	2.7	2.6	2.6	2.6	2.5			
Large	4.2	3.6	3.3	3.0	3.1	2.9	2.7	2.7	2.6	2.6			
Very large	4.3	3.6	3.3	3.1	3.1	3.0	2.8	2.8	2.7	2.7			

Source: 1964-65 survey.

Nearly all retail florists are familiar with the term "3-to-1." It is likely that most florists would say that they use that ratio as their markup for cut flowers. However, for arrangements sold at \$7.50 or less, the ratio of 3-to-1 is exceeded. The markup for flowers sold unarranged is less, averaging close to 2.5 to 1, regardless of the retail value of the order.

It is of interest to note that the markup ratio for flowers, whether sold arranged or unarranged, tends to be highest among very large firms. Not surprisingly, the higher the wholesale cost of the cut flowers, the lower the ratio of the markup for all shops. The largest variation in markup is in pricing on flowers sold arranged.



All florists consider the cost of flowers used in addition some consider to the cost of flowers used.

COST OF ...

- CONTAINERS
- ACCESSORIES
- LABO
  - . DELIVERY

Two-thirds of those who charged for the con-
tainers used the retail value or double the
wholesale cost as the basis (the two are about
the same). Adding a flat charge of a specified
dollar amount is another method frequently used
to cover container cost.

Only about one-third of the florists included a charge for accessories and labor used in preparing an arrangement. For accessories, charging retail value and charging a percentage of the total value of the order were the most common practices. To cover the cost of labor, large and very large shops allowed a fixed percentage of the value of the order (usually 15 percent). Among small and medium-sized shops, adding a fixed dollar amount to cover labor was the most common practice.

Although it costs florists an average of nearly 70 cents to deliver an order, only 6 percent of the florists interviewed took this cost into consideration when arriving at the value of an arrangement.

01	Percentage of florits considering out of						
Shop size	Out flowers	Con- tainers	Acces- sories	Labor	De- livery		
	Pct.	Pct.	Pet.	Pet.	Pet.		
Small	100	54	35	36	6		
Medium	1	56	32	34	5		
Large	110	52	32		3		
Very large	100	64	28	29	~		

Source: 1964-6 survey.

Because over half of the gross dollar volume of sales by florists is accounted for by fresh flowers sold in arrangements, it is rather important to florists to price them realistically for a satisfactory profit.

In general, arrangements consist of cut flowers, containers, and accessories (including greens). They require labor to prepare and are usually delivered. However, many florists consider only the cost of the cut flowers when pricing an arrangement.

About half of the florists interviewed included container cost when pricing an arrangement.

# HOW MANY FLORISTS BORROW MONEY?



THEY USE THE MONEY FOR	PERCENT OF BORROWERS
WORKING CAPITAL	
EXPANDING : USINESS	
REMODELING	
DELIVERY VEHICLES	
OTHER	

		Percentage borrowing for specified purpose						
Shop size	Percentage of florists borrowing money	Working capital	Expand business	Remodeling	Delivery vehicles	Start or buy new shop	Other	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
mall	28	56	9	19	à	5	2	
edium	41	53	11	16	12	3	5	
arge	42	49	16	17	10	2	6	
ery large	44	33	34	17	8	0	8	

Source: 1964-65 survey.

The proportion of florists who borrow money is lowest among owners of small shops.

Florists primarily borrow working capital to finance supplies and to pay current bills. Other uses for borrowed money include enlarging or modernizing shops and financing delivery vehicles. Among very large firms, more than a third borrow to expand business.

A survey of bankers in 4 Iowa cities in 1964 showed the most common sources for loans to be local banks, equipment manufacturers, and large insurance companies.

### RATE OF LOAN REFUSAL

4 OUT OF EVERY 100 FLORISTS ARE REFUSED LOANS



BANK

REASON FOR REFUSAL	PERCENT OF THOSE REFUSED
INSUFFICIENT COLLATERAL	
POOR PROFIT RECORD	
FIRST, TIME BORROWSY	
27 487	

	Percentage of	Percentage refused loans for specified reason				
Jhop size	florists who have been refused loans	Insufficient collateral	Poor profit record	First-time borrower	Other	
Small	4	39	19	23	19	
Medium	4	33	45	22		
Large	3	100				
Very large						

Source: 1964-65 survey.

Only 4 out of every 100 florists who requested loans in 1964 were turned down. Thus, it is apparent that firancing is not a major problem for florists. The reasons for loan refusal differed somewhat among different sizes of firms,

but the rate of loan refusal was about the same except for the group of very large firms, whose requests for loans seemingly are seldom, if ever, refused.

### **BANKERS' CHECKLIST**

(IOWA STUDY)

ITEMS CONSIDERED BY BANKERS IN JUDGING LOAN APPLICATIONS ... IN ORDER OF IMPORTANCE



- WITHE APPLICANT
  - · WANA SET INC. IEV STOPPINGE
  - · CHARACTE
- COLLATERAL
- INCOME

## HOW TO IMPROVE CREDIT STANDING

(IOWA STUDY)



### BANKERS' SUGGESTIONS TO FLORISTS

IMPROVE MANAGEMENT
CONTROL ACCOUNTS OUTSTANDING

ESTABLISH GOOD RELATIONS WITH YOUR BANKER

In 1964, officials of 12 banks were interviewed in 4 Iowa cities to ascertain their loan policy regarding retail florists. Results of the survey showed that bankers view loan applications on the merit of the applicant, purpose, and security of the loan rather than the type of business the

applicant has. The primary guidelines bankers use in considering each loan application and their specific suggestions to florists who wish to be considered good credit risks are listed in the above two charts.

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